

Labour Force May 2025

Employment and Hours Worked

Employment declined a seasonally adjusted 2.5k in May, against the market expectations of a 21.2k gain. This followed an outsized increase of 87.6k in April (revised slightly down from 89.0k).

The annual rate of employment growth slowed 0.3ppts to 2.3%.

The decline in employment was led by part-time jobs (-41.1k), while full-time employment picked up by 38.7k.

Aggregate hours worked rose by 1.3%, the most since March 2024, to be up 3.1% YoY.

Australia (Seasonally Adjusted)	May ('000)	Apr ('000)	YoY (%)
Total	-2.5	87.6	2.3
Full Time	38.7	58.6	2.6
Part Time	-41.1	29.0	1.7
Aggregate Hours Worked (%)	1.3	0.2	3.1
Participation Rate (%)	67.0	67.1	-
Unemployment Rate (%)	4.1	4.1	-

Unemployment, Underutilisation and Participation

The seasonally adjusted unemployment rate was steady at 4.1% for the fifth consecutive month. The participation rate ebbed 0.1ppts to 67.0%, which is just 0.2ppts below the record high reached in January.

The underemployment rate fell back to a two-year low of 5.9%. The underutilisation rate, which combines unemployment and underemployment, eased to 9.9%, which is also an equal two-year low.

The States

The May decline in seasonally adjusted employment was concentrated in the two most populous states, New South Wales and Victoria. Other states, including Western Australia, saw moderate gains in May. Trend employment growth remained positive in all states.

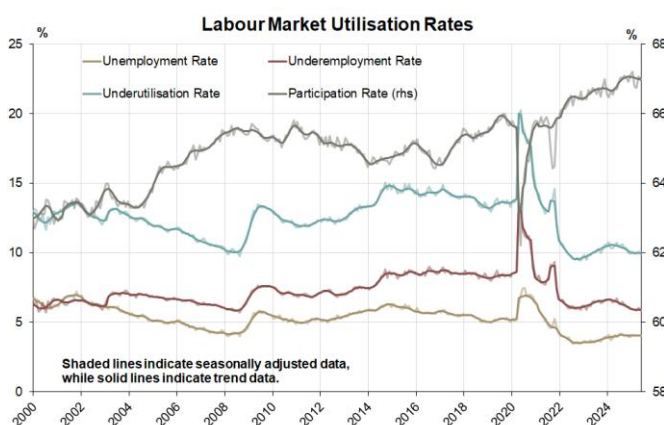
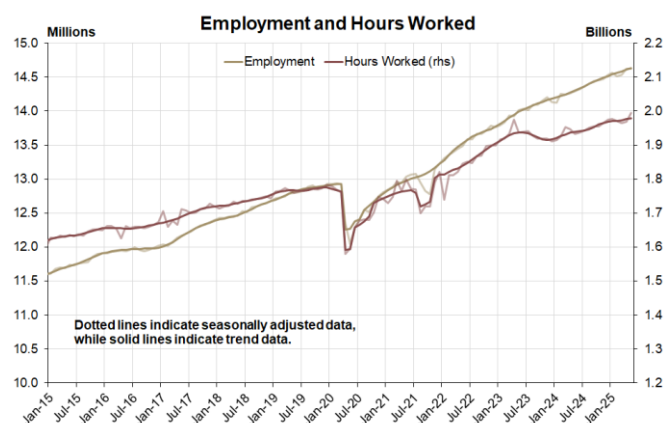
Seasonally adjusted unemployment rates rose in all states except for Queensland and Western Australia. Trend unemployment rates were broadly steady across states.

Western Australian employment rose by 16.5k in May, to be up by a solid 2.8% through the year.

The Western Australian unemployment rate declined by 0.2ppts to 3.9% in seasonally adjusted terms, while the trend unemployment rate of 3.8% remained the lowest of all states.

At the same time, the Western Australian employment-to-population ratio and participation rate are the highest nationwide, at 66.7% and 69.5%, respectively.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	16.5	2.8	3.9
New South Wales	-24.1	1.7	4.1
Victoria	-14.5	2.0	4.4
Queensland	14.1	3.0	3.7
South Australia	11.2	4.2	4.3
Tasmania	2.7	0.2	4.0



Comment

Despite the slight decline in headline employment, the May labour force survey results pointed to ongoing sound conditions, especially when looking through the month-to-month volatility.

Trend employment rose by 28.0k in May, the most in seven months, while trend unemployment and underemployment rates were steady and low, at 4.1% and 5.9%, respectively. The participation rate was also steady at 67.0% and remains not far off the record high of 67.1% in late 2024.

The unemployment rate remains below the RBA projection of 4.2% for Q2.

The rise in trend employment is supported by the ongoing growth in population. A separate set of data published by the ABS today shows that Australian population rose by another 0.3% in Q4 2024, to be up by 1.7% YoY. While well down on the record 2.5% YoY from Q3 2023 (since 1982), this is still slightly above the 20-year average of 1.6% YoY.

Following the May labour force survey, pricing for a 25bps cash rate cut in July declined a little, but remains around 80% priced in, with a cut not fully priced in until August.

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